

R2

USAID/ROMANIA

**Results Review and
Resource Request (R4)**

27 MARCH 2000

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R4 Part I: Overview/Factors Affecting Program Performance

R4 Part I: Overview and Factors Affecting Program Performance

A democratically strong and economically prosperous Romania is critical to build peace and stability in Southeast Europe. Romania took a bold stand supporting the NATO actions in the former Yugoslavia, a traditionally friendly neighbor, and has sustained its support under the Serbian embargo. This stance has cost significantly in economic and political terms. The GOR is finally advancing on painful, long-postponed economic reforms. It has shown its willingness to take a leadership role in bolstering regional stability, and participate in initiatives to spur economic development, strengthen democracy and rationalize the social sector, while mitigating certain impacts from the tough economic reforms. In recognition, the EU has included Romania in the next round of accession talks. National and local elections in 2000 present obstacles and opportunities for sustaining the reform process. The post election government will require steady support to confront corruption, help vulnerable populations, decentralize authority, tackle environmental problems, and reinforce the delicate regional progress.

The USAID program supports the U.S. MPP objectives of economic development and consolidating democracy, while contributing to regional security and American citizen goals. It supports all seven USAID worldwide goals. Assistance to Romania underpins U.S. economic, democracy, global, and national security interests. The Mission has achieved some measure of success towards reaching its strategic objectives, but the process will take longer than anticipated.

Economic Performance: In 1999 Romania more forcefully attempted to make structural changes to turn around its struggling economy. After taking steps such as tightening fiscal policy, privatizing and restructuring elements of the financial sector, and enacting legislation to improve the business climate, the GOR reached agreement with the IMF and World Bank for a package of \$1.5 billion. The country weathered a potential banking crisis and a tremendous foreign debt service burden. The Romanians established the AVAB (RTC equivalent) to manage the oppressive bad debt from the banking system. However, vacillating GOR actions halted IFI disbursements under the Standby and SALs. The diminishing political support coupled with the inability to produce results prompted the ruling coalition to change leaders in December. They installed a non-partisan prime minister with credibility among the IFIs. The IFIs have since extended the terms in which to meet conditions and have neared final agreement on the next disbursements.

The formal Romanian economy is still gripped in decline. However, the figures presented below mask the growing, robust informal economy, now estimated to be 50% of official GDP. Official GDP fell 3.2% after dropping 5.7% in 1998. Inflation increased 55% reversing recent trends. Unemployment rose from 10.4% to 11.5% in 1999, partly due to layoffs forced by closing or privatizing state-owned enterprises (estimates of 500,000 layoffs since 1997). The informal economy has likely absorbed many of the unemployed. Real wages declined 5.5%. The trade deficit and current account deficit shrank, mainly due to the severe import contraction of 12.5%. Exports experienced 2.5% growth: exports to the U.S. remained stable, while U.S. imports declined 28% reflecting the significant currency devaluation. Mirroring the stagnated trade

picture was a 23% decline in industrial production, although a good proportion stemmed from closing inefficient and obsolete complexes. Agricultural production rose spurred by exports of raw wood, wood products and grains.

Privatization of 1,772 companies took place, a slight decline over the previous year, but still significant. About 82 were considered large companies accounting for almost 42% of the stock sold. U.S. investors, GE Capital and Trinity Inc. participated in the purchase of Bancpost and Romanian railcar manufacturers and designers, respectively. Foreign Direct Investment jumped almost 23% in 1999. In this period, the U.S. leapt from 6th to 2nd largest FDI investor demonstrating a 50% increase to about \$580 million. Judicial and administrative liquidation procedures began for 374 companies, although only five reached completion. Mining continued its deep restructuring, while the public utilities reorganized as the first steps toward privatization.

In terms of USAID's SOs, Romania solidly progressed in establishing a more competitive and market-responsive private financial sector (SO1.4). Building upon two banks privatization the previous year, the largest state-owned bank, Bancorex, was liquidated pushing privately held bank assets beyond 50% of the total. More alternative sources of credit became available. The two stock markets, while not high-level performers, do offer sources of equity. Preliminary figures indicated that the growth of the private sector's share of the economy inched upwards to 61.5% (SO1.3). The small increase seems counterintuitive given the privatization pace, liquidations and closures of state properties. Part of the explanation hides in the informal sector, while the general economic decline has its share of private as well as public sector victims. The electricity sub-sector has taken initial steps towards becoming economically sound and environmentally sustainable (SO1.5). The regulatory unit operates and the GOR has initiated restructuring in energy distribution, which will enable greater private participation. The policy structure and management capacity in the environment has made some improvements (SO1.6).

Democracy Performance: Romania deepened democratic practices, particularly as local governments began implementing important new powers, albeit with growing pains. Cities had mixed success implementing the new responsibilities and budget authorities, sometimes lacking the full capacity and resources to do the job right. Also, the national government imposed late, unfunded mandates, e.g., child welfare, for which the local governments were unprepared. A new, global income tax will alter certain processes this year, but the localities are working with the GOR to assure a smoother transition. The GOR, NGOs, media and donors gave more attention to corruption issues. The populace has become aware of the deleterious impacts of corruption in government, business, and health sectors. The judiciary has not surmounted the obstacles to act independently and efficiently. These problems undermine support for the political leadership, and contribute to apathy about the upcoming elections. The U.S. now strategically targets anti-corruption, and is identifying the new generation of leaders as change agents in this process. NGOs took on larger roles advocating policy changes and providing client services in health, child welfare, agriculture and environment. Partnerships are growing between U.S. and Romanian groups. However civil society remains weak (NGO sustainability index declines), as Romanians view NGOs suspiciously and the uncertain economy limits local financing possibilities. The media has made strides in improving business practices, but still has a way to go in becoming a respected player.

Regarding USAID's SOs, measures to increase citizen's participation in economic and political decision making had some success (SO2.1). Improved outreach of parliamentarians, NGO advocacy, public hearings in municipalities, and more transparency are teaching cultural changes that are showing early impacts. Local governments are becoming more responsive, accountable and effective (SO2.3). Most politicians and officials have low public opinion ratings, but the public gave higher marks for local leaders.

Social Sector Performance: Budget pressures and poor macroeconomic performances continue to imperil health systems and children's services. Progress was made in advancing reforms in health and child welfare. Budget shortfalls nationally and locally produced crises in hospital care and support for institutionalized children and the disabled. Donors and the GOR responded to mitigate the crisis, but the most vulnerable still face exacerbated hardships. The State's support for high-cost secondary health care and institutionalizing children will face constant pressure, and it will become increasingly difficult for localities to assume the burden. That is why solutions promoting less costly preventive and primary care, services for women and de-institutionalizing children not only will secure a healthier society, but with a more rational allocation of resources.

Activities to improve the welfare of women and children under SO 3.2 are producing high impacts as use of modern contraceptive methods doubled and the rate of maternal mortality was cut in half over the last six years. We have seen a slow, but steady drop in the number of institutionalized children in counties where USAID has program support. Other donors have followed USAID's methodology, and the GOR is adopting reforms to pursue these more cost effective and productive approaches.

Factors Affecting Performance

Effects from the Kosovo conflict and the continued embargo with Serbia will continue to impinge on trade and on Romania's image as an attractive investment candidate, although this can be counteracted to some extent through targeted approaches to individual US investors.

Despite showing more political will for reform, the GOR has struggled in meeting conditions to launch the economy. The slow reform pace, inconsistent/overdone legislation, shifting regulations, excessive control and the crushing tax systems create an unpredictable business environment.

The lack of cohesion in the ruling coalition has impeded progress. It has prevented majority passage of difficult measures or facilitated watered-down laws having inconclusive impacts.

The upcoming elections present obstacles and opportunities. Pressures to appease constituent groups for short-term gains at the expense of longer-term stability will inevitably rise. A possible change in government could stall the reform process as new leadership reassesses the situation. The election campaign brings opportunities to have key reform measures adopted in party platforms, increasing pressure to implement them when in power. The transition period offers the chance to influence the new government's agenda, and then assist them in its implementation.

The perception of pervasive corruption impedes investment and undermines the efficiency of private transactions. It has a damaging effect affecting the credibility of political and legal institutions. Since it cuts across all sectors, anti-corruption measures require a unified approach.

Decentralizing and relinquishing government services has long-term benefits to the structure of society, but it induces short-term costs as local governments and NGOs battle to provide the services with suspect capacities and uncertain revenues. It also opens new avenues for corruption.

The informal economy's growth has provided income and jobs cushions. A potential dynamic element is outside the mainstream. Its growth further exacerbates the government's ability to generate revenues and provide rational services. The task will be to harness this dynamism without scaring it away, bringing it into the mainstream as productive, legal elements of society.

Major donors such as the IMF, World Bank and EU have significant resources in the pipeline. Accelerating project implementation and resource disbursement would provide critical external financing for the economy, spread benefits to more recipients and bolster the impacts of our programs.

R4 Part II Results Review by SO

Text for SO 1.3

Country/Organization: USAID/ Romania

Objective ID: 186-013-01

Objective Name: Development and growth of private enterprises

Self Assessment: On Track

Self Assessment Narrative: The Mission's activities have expanded credit access, assisted increase investment and strengthened business organizations, critical to meeting intermediate results. Overall formal private sector growth as a percent of GDP has slowed. However, the informal sector has garnered an increasing share of economic activity.

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input checked="" type="checkbox"/> 1.2 Ag Development/Food Security |
| <input checked="" type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input checked="" type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

The SO 1.3 supports the MPP goal of economic development and USAID's worldwide goal of promoting broad-based economic growth and agricultural development. The SO concentrates on supporting micro, small and medium enterprises (MSME), agribusiness development, and increased U.S. investment. MSMEs will provide the launching pad for Romania's economic recovery. The SO tackles various obstacles to encourage investment, such as improving the business climate and reducing corruption by limiting regulations, providing alternative credit sources through financing companies, credit unions and community lending, strengthening business associations to better service and represent their members, and encouraging foreign interest through joint ventures and transparent information. The Mission activities will mine agriculture through agribusinesses to increase exports, increase U.S. investment in a potentially profitable sector and to utilize Romania's competitive advantage of excellent farming lands, which is the backbone of its economy. Also, the Mission will work to improve the business climate to harness the burgeoning informal economy. The agribusiness and SME sectors offer the greatest possibility for unleashing the very considerable human and natural resource capacities of Romania, energizing its private sector and the economy.

The Mission addresses challenges affecting the private sector in two principle ways. First: it affects the business environment by promoting policy and legal reform, and by improving the capability to grow SMEs. Important vehicles are capable business support organizations in agriculture and other sectors, which will both advocate changes in the business environment and strengthen member firms with needed services. A second area ameliorates the constraint facing MSMEs in accessing credit and financing. The SO channels resources to the Romanian American Enterprise Fund (RAEF) and NGOs for loans to MSMEs. The RAEF and U.S. Mission efforts also find opportunities for greater US investment in Romania.

Direct beneficiaries of SO achievements are private entrepreneurs, business support groups, producers and processors associations and agribusinesses in sectors comprising over 45% of Romania's workforce. Indirect beneficiaries are all those who benefit from economic growth and increased trade in Romania.

Key Results:

SME and agricultural performance and overall investment have progressed, but larger gains were constrained by regional political troubles and an uncertain macroeconomic environment. The program pursues intermediate results of improving policy/legal/regulatory frameworks; increasing capital investment in private enterprises; and improving abilities of entrepreneurs to manage businesses. Romania's economy was badly jolted by the Kosovo conflict, along with the Serbia embargo, which severed markets and destroyed shipping on the Danube.

Until recently the private sector has upped its share of GDP reaching nearly 60% in 1997. Its growth stalled in 1998, and it crept upward to 61.5% in 1999. The well documented lack of macroeconomic reform and an incomplete privatization process, which has left a large number of state enterprises in place keyed the slowing of private sector growth. Their unprofitability draws away financial resources from potential entrepreneurs. The prevalence of onerous regulations and shifting policies has been instrumental in the informal sector's dramatic rise now estimated at 50% of formal GDP according to a recent study. This study dramatically highlights the need for reform to develop a setting more conducive to business formation.

Performance and Prospects:

The Mission's program strengthened, improved efficiency and built self-sustainability into two business support organizations: the miller's and meat processors' associations. In addition to the foregoing two, support has improved the capacity of dairy producer and poultry associations. They are providing improved services to increase quality and production for thousands of farmers to stimulate demand for Romanian products. These business associations have enabled farmers and processors to pursue laws and policies needed to build a healthy business environment. Results this year include: enabling legislation to privatize state-owned farms; implementing rules, norms and procedures and creating an entity to complete farm sales; laws for restituting farm and forest land to maintain economically efficient farm sizes; and a warehouse receipt law with enabling regulations. Training has pushed forward a warehouse receipt indemnity-fund structure in two grain terminals. Also, pasteurized milk processing grew 10%, now amounting to 20% of all production, and producers of low bacteria milk received premium prices. Efficient feeding techniques increased the production and price of lean hogs, while advances in local poultry quality improved sales while reducing imports.

USAID has helped establish new businesses, strengthen existing ones and create new jobs, and it surpassed its targets for increasing capital investment in private enterprises both for micro credit and funding for SMEs. The RAEF's Micro Program issued 780 loans (25% to women-owned businesses) creating 300 new jobs, while disbursing \$2.4 million, 50% beyond the target. The RAEF invested \$1.6 million in equity for nine small and medium sized enterprises. It disbursed \$6.0 million for 110 small loans (40% women-owned businesses) tripling the target, and leveraged an additional \$1.5 million from local banks for the same activity. The CHF issued 49 loans (30% to women) amounting to \$600,000, and created and/or sustained 485 jobs. It recently leveraged \$150,000 from a private bank to increase its loan coverage. Additionally, the Mission programmed \$3.0 million in supplemental funds to counter the economic impacts of the Kosovo conflict in Western Romania. Thus far, the activities have committed/dispensed about \$1.0 million in 10 small loans and more than 50 micro loans. Over the upcoming year, the Mission will work with its partners to improve impact reporting measures on such items as business association-members benefited, job creation and enterprise income growth and profitability.

The Mission's program has encouraged increased domestic and foreign investment in larger scale enterprises. The RAEF has issued \$35 million in loans and venture capital to 17 large companies, leveraging total financing of \$81 million for these projects. The US investment promotion program, the Capital Trade and Development Group, has stimulated \$33 million in investment. It has also spurred about \$44 million in U.S. imports for equipment goods.

Prospects for this SO are definitely on the rise. Certain additional economic reforms will take place, and there is always hope the regional security situation will improve. Even barring any dramatic improvements, the Mission's newer activities should demonstrate greater impacts. The number of successful business support organizations will increase. We will expand support for forming and strengthening associations in areas such as software, tourism and light manufacturing which have a very high growth potential.. The Mission recently initiated a "red tape analysis" which will identify barriers to private development and foreign investment, and foster critical regulatory and policy changes. This will also complement US anti-corruption and

commercial law assistance. It will address specific issues related to the underground economy and identify steps which will encourage these types of entities to enter the formal sector.

The program will enhance the availability of credit for MSMEs through some increased funding, but primarily through leveraging private credit resources and other donor programs. The first step in this endeavor is establishing a finance company that will leverage funds on a five-to-one basis. Strengthening the credit union system will make alternatives available for commercial and business loans. Mission activities will encourage increased foreign, particularly U.S., investment to build on the momentum of the last year and demonstrate that Romania is a profitably place.

The agribusiness activities will spur exports and efficiency by increasing the production of valuable fruits and vegetables, and using agricultural waste for construction materials. It will stimulate production and quality of grains by introducing a warehouse receipts system. This will improve prices for producers and help guarantee credit to make improvements and expand production. The services provided through agricultural associations will increase dairy, poultry and grain production as well.

Possible Adjustments to Plans:

The only significant adjustment relates to the agricultural sector. The recent passage of the land privatization will require intensive support to the Ministry of Agriculture. The Mission will provide experts to assure the privatization is carried out quickly and effectively.

Other Donor Programs:

In 1999 the IBRD's Redeployment Program (with U.S. DOL participation) provided \$8.5 million for micro lending and business support and its Industrial Development Project disbursed \$69 million to support export companies and SMEs through Romanian banks. The EBRD offered \$58 million in credit to support restructuring and privatization, \$50 million for state-owned and private companies in agriculture, food, forestry and aquaculture; and with the EU, co-finances investments in private or privatized companies and offers credit for SMEs (\$34 million). \$50 million are available through EU-PHARE and the German, Netherland and Swiss governments. The UNDP, the Canadians and the Soros Foundation offer smaller credit programs.

The Romanian government provides support to the private sector including credit to small enterprises and for job creation, co-funding for export-oriented enterprises, and a state co-guarantee fund for SMEs, totaling about \$12 million. US support to private firms and business and professional associations facilitates access to this credit and other opportunities through close coordination with the donors. This highly successful donors group has become a key coordination body and advocate for improvements in the business environment by contributing to proposed legislation relating to SMEs. The most important rural donor activity for the next 6 years is potentially the EU's SAPARD Program. It anticipates over 200 million Euro annually in matching grants to individual firms and rural non profit entities to assist free market growth. This is a critical element to advance stability pact and SEI measures.

Major Contractors and Grantees:

Romanian-American Enterprise Fund, the University of Maryland's IRIS Center, ACDI/VOCA, Land O'Lakes, PriceWaterhouse Coopers, USDA, Aid to Artisans, the Cooperative Housing Foundation, and the U.S. Peace Corps.

Performance Data Table

Objective Name: Development and growth of private enterprises			
Objective ID: 186-013-01			
Approved:		Country/Organization: USAID/Romania	
Result Name: SO level indicator			
Indicator: Percent of annual GDP that is from the private sector			
Unit of Measure: Percentage	Year	Planned	Actual
Source: National Commission of Statistics	1995	Baseline	45
Indicator/Description: Value of GDP that is produced by private sector/total value of GDP	1996	55	52
	1997	60	58.4
	1998	65	58.8
Comments: The percent of GDP that is from the private sector has slowed due to frequent changes in legislation, especially in taxes. In 1998 and 1999 a lot of SMEs failed. The adverse environment forced part of businesses to enter in the informal sector.	1999	70	61.5
	2000	72	
	2001	75	
	2002	78	

Performance Data Table

Objective Name: Development and growth of private enterprises				
Objective ID: 186-013-01				
Approved:		Country/Organization: USAID/Romania		
Result Name: IR 1.3.2 Increased capital investment in private enterprises				
Indicator: Increase access to finance-small and medium enterprises (SMEs)/ micro enterprises				
Unit of Measure: US dollars - millions		Year	Planned	Actual
Source: Romanian-American Enterprise Fund (RAEF) and Cooperative Housing Foundation (CHF)		1997	Baseline	1 1.5
		1998	1 1	1.42 2.32
		1999	2 1.5	5.96 2.35
Indicator/Description: Value of loans and equity investment made available for micro and SMEs		2000*	6 3.0	
		2001*	6.5 3.5	
		2002*	7 4	
Comments: RAEF has special programs designed to lend to micro, small and medium sized enterprises (MSME). Also, CHF has a lending component for SMEs. The new MSME initiative will work to improve the credit access for this sector. *Planned levels for the outyears were adjusted based on the levels recorded for the past years.				

Performance Data Table

Objective Name: Development and growth of private enterprises			
Objective ID: 186-013-01			
Approved:		Country/Organization: USAID/Romania	
Result Name: IR 1.3.3.1 Strengthened business support service organizations			
Indicator: Number of efficient, self-operational business support service organizations (BSOs)			
Unit of Measure: Number	Year	Planned	Actual
Source: USAID Contractors	1996	Baseline	2 new associations
Indicator/Description: Number of assisted associations which become efficient and self-operational	1997	0	3 new associations
	1998	1	1
Comments: BSO sustainability will be evaluated based on their efficiency to deliver better services and to be paid by their members for these services.	1999	2	2
	2000	3	
	2001	4	
	2002	5	

Text for SO 1.4

Country/Organization: USAID/ Romania

Objective ID: 186-014-01

Objective Name: A more competitive and market-responsive private financial sector

Self Assessment: On Track

Self Assessment Narrative: Progress is steady.

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input checked="" type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Open Markets

Summary of the SO:

This SO contributes to the MPP and USAID goals of economic growth by promoting sound financial markets, essential to the proper functioning of a market economy. (See Annex A, which contains a modified results framework for this SO, in accordance with Bureau guidance.) Pursuant to achieving this SO, the Mission had already financed the establishment of capital

market institutions and associated regulatory oversight. Our current focus is on bank supervision, bank privatization, bankruptcy procedures, competition policy, and fiscal policy.

USAID's banking supervision program strengthens the National Bank of Romania to conduct on-site and off-site examinations of both state and private banks, enforce prudential regulations, and address the needs of problem banks. It also has provided essential guidance in the privatization of large and medium scale state banks. Mission activities upgraded the capacity of judges, lawyers and other legal staff to properly discharge bankruptcy cases, thereby facilitating market exit to permit more efficient use of financial and other resources. The program enhances the capacity of the Competition Council and their implementing arms to properly carry out their anti-monopoly mandate. U.S. Mission advisors collaborated with the GOR and other donors to establish a new, progressive tax regime which will contribute to a more positive investment climate. Treasury advisors have provided sound debt management advice, with Treasury bills financing a significant portion of public debt in recent years. In 1999, the GOR succeeded in managing a doubling of public debt without access to foreign funding. Cutting across intermediate results, volunteers have rendered services to strengthen central bank supervision, support pension reform, and provide guidance relevant to financial sector legislation.

Key Results:

This SO's major accomplishments have revolved around quelling the bank crisis, liquidating state banks and introducing fiscal mechanisms to rationalize the budget and ease pressure on the banking system. With the demise of Bancorex and increased foreign bank participation, now over 50% of bank assets are in private hands up from about 30% the year before. Consistent with the revised framework, the key intermediate results are as follows: improved policy, legal and regulatory environment, and financial market-place infrastructure developed.

The Mission made significant progress in advancing the first result, including the passage of a progressive tax regime, which is expected to have a positive impact on both domestic and foreign investment decisions. The Romanian judicial system has established a greater capacity for fairly executing bankruptcy cases. This is significant inasmuch as expeditious handling of bankruptcies, if managed judiciously, contributes to public confidence in a market economy while facilitating market exit and deploying financial and other resources more efficiently.

Banking sector progress has been notable as the Mission contributed to the privatization of Bank Post and the absorption of Bancorex assets into the Romanian Commercial Bank (BCR). Bank Post has an extensive network of regional banks and Bancorex had substantial assets.

Performance and Prospects:

The Mission portfolio produced additional forward progress. The Competition Council is opting for market-reliant decisions consistent with competition policies and competitive markets. Greater competition will strengthen the economy, increasing demand for financial services. The program assisted the GOR in establishing a progressive tax regime with reduced tax rates and a broader tax base. This should impact on the country's financial markets as a reasonable, broad-based tax regime constitutes an important element in a market environment. More clarity and fairness in the tax system should also induce movement from the informal to formal sector. The Privatization Law was improved allowing RASDAQ (the OTC exchange) to sell residual public

shares in companies. Residual government shares in about 50 companies were sold in this manner in 1999. USAID banking advisors also assisted with the successful liquidation of Bank Albina, pursuant to the new bank bankruptcy law. With other donor support, the Romanian Development Bank was also privatized in 1999. These privatized (or soon to be privatized) institutions will now play a more constructive role in intermediation and the provision of other banking services, contributing to public confidence in the country's banking system.

The prospects for coming years appear good if the GOR pushes reform. In the legal area, we envision modifications to the Company Law, including attention to corporate governance which is a critically important element in viable market economies. Management corruption and the diversion of corporate assets at the expense of minority shareholders is a common problem throughout the region and must be addressed, if public confidence in market economies is to be secured. This legislation should have a salutary effect on the capital markets and foreign investors. An important modification to the Securities Law is also expected. The securities commission (CNVM) has established many norms for guiding the development and conduct of capital markets over the past several years; however, the Securities Law is out of sync with these norms and needs to be updated to ensure legal and regulatory consistency in this sector.

In terms of improvements in financial infrastructure, we anticipate additional bank privatization by the end of 2000. The continued privatization will curb "directed lending" and improve bank efficiency to acceptable standards. Plans are in motion to privatize the Agriculture Bank in 2000. The BCR, which just absorbed Bancorex assets, will likely be privatized in 2001. Better banking supervision capacity will increase sector transparency and efficiency, and generally ensure NBR's capability for overseeing the sector's restructuring and improved management to avert another banking crisis. In the tax administration area, attention will focus on expanding electronic payments systems. In the securities markets sector, Treasury advisors will be exploring possibilities for establishing a secondary market for trading government securities, using existing infrastructure.

Possible Adjustments to Plans:

The program will continue on its current path with additions to promote corporate governance and funding to encourage increased investment. A critical area of focus will be assuring minority shareholder rights.

Other Donor Programs:

The Mission supports the IMF and the World Bank in implementing their structural adjustment measures with the bank privatization as a good example. The Mission works in tandem with the World Bank in the bankruptcy area, including enforcement, and the banking sector. USAID cooperates with EU-PHARE in providing complementary support for accounting reform, with EU-PHARE assisting with IAS conversion for 50 enterprises listed on the stock exchanges and USAID, through the bank supervision program, developing IAS for the banking sector. USAID coordinates closely with EU-PHARE and French advisors to ensure consistency with EU accession requirements in the areas of bank supervision and competition policy.

Major Contractors and Grantees:

The Barents Group, Carana, Federal Trade Commission, U.S. Treasury, and the Financial Services Volunteer Corps.

Performance Data Table

Objective Name: A more competitive and market-responsive financial sector			
Objective ID: 186-014-01			
Approved:		Country/Organization: USAID/Romania	
Result Name: 1.4.1. Strengthened Private Banking Sector			
Indicator: Percentage of banking assets in state hands			
Unit of Measure: Percentage	Year	Planned	Actual
Source: National Bank of Romania	1997	*	100%
Indicator/Description: Percentage of banking assets in state hands	1998	*	71%
	1999	*	49%
	2000	40%	
	2001	30%	
Comments: *New indicator to replace previous indicator entitled, "Number of state-owned banks privatized." This substitute indicator more accurately reflects the significance of discrete bank privatizations. **Reducing state-owned assets below 20% may be difficult since European governments have shown a preference for owning a portion of bank assets.	2002	20% **	

Performance Data Table

Objective Name: A more competitive and market-responsive financial sector			
Objective ID: 186-014-01			
Approved:		Country/Organization: USAID/Romania	
Result Name: Improved legal and regulatory framework for the financial sector			
Indicator: Passage of a set of key reforms that enhance the consistency of the Financial Sector legal framework**			
Unit of Measure: Percent completed	Year	Planned	Actual
Source: State Ownership Fund, Ministry of Finance, Bucharest Stock Exchange, RASDAQ Market (OTC)	1997	Baseline	20%
	1998	*	30%
	1999	*	50%
Indicator/Description: Key reforms that enhance the consistency of the Financial Sector legal framework	2000	60%	
	2001	80%	
	2002	90%	
Comments: *New indicator. **The targeted laws include Privatization Law (passed), Company Law (passed), Securities Law (passed), Collateral Law, Foreign Investment Law, Bankruptcy Law (passed), Property Law, and Competition Law. Although half of the laws are passed, most require some revisions to be improved.			

Text for SO 1.5

Country/Organization: USAID/ Romania

Objective ID: 186-015-01

Objective Name: A more economically sustainable and environmentally sound energy sector

Self Assessment: On Track

Self Assessment Narrative: This SO has made steady, albeit not dramatic progress. The Mission applies limited funding approaches to a sub-sector, electrical distribution, where other donors' interest and chances for success are higher. Also, the Mission is moving forward in creating models for energy efficiency to ameliorate budgetary pressures for the GOR and municipalities and to better link with Stability Pact and SECI initiatives. The Mission had advanced IRs producing key regulations, codes and procedures, improved energy efficiency practices.

Primary Link to Strategic Agency Framework: 1.1 Private Markets
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Agricultural Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Education/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Education/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input checked="" type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input checked="" type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Regional Stability

Summary of the SO:

USAID's energy program promotes competition, private sector participation, compliance with EU standards and supports multilateral lenders' efforts. The Mission's assistance emphasizes restructuring and commercializing the power sector, beginning with electricity distribution, and creating an independent regulatory authority.

Technical assistance and training prompted energy service companies and private consulting firms to carry out energy efficiency projects in targeted private industries. USAID works with the municipality of Constanta to implement energy efficiency in municipal district heating.

Key Results:

Three intermediate results contribute to achieving this strategic objective: (1) share of electricity devolved from the state monopoly including from private entities; (2) transformation of the National Regulatory Agency for Energy (ANRE) into a sustainable, regulatory body; and (3) improved energy efficiency. The Mission altered the first IR slightly to give a clearer perspective on what is taking place. Previously, the IR left the perception that energy generated outside of CONEL was distributed by the private sector. In fact, the devolving process to municipalities and other autonomous entities is an intermediary step to eliminate the monopoly and open doors for private investment. In other words, without the decentralization, private investment would be unlikely. Therefore, the share of electricity generated outside the vertically integrated monopoly CONEL increased to 20%, exceeding the 14% planned. This demonstrates more decentralization and the opening of the power market for investment opportunities.

The independence and capability of the new regulatory body to issue secondary legislation for the electricity market is essential for opening the market. Through our program, its role in the sector increased and the Agency has now proved its capability to issue licenses and tariffs methodologies on a transparent basis. This process is critical to leveling the playing field, increasing the information flow and assuring equity for private investors.

The energy efficiency program helped consulting companies develop energy efficiency measures, which resulted in proved savings exceeding \$4 million, as opposed to \$1 million planned.

Performance and Prospects:

USAID assistance has enabled CONEL and its subsidiaries to develop a new market structure, unbundling and privatizing its assets, improving financial and accounting systems and preparing grid codes and other standards. The Mission financed a white paper that clarifies the status of energy legislation and frames the needs for rationalizing inconsistent laws and making further improvements in the existing secondary legislation such as technical and commercial codes.

A major step was taken as the Mission supported the Romanian Agency for Regulations in the Energy Field (ANRE) to establish a permanent, independent regulatory authority. This body has

produced a regulatory framework that will accelerate industry restructuring and attract capital for needed investments. ANRE's improved capability and legitimacy has enabled a more active role, including its design of measures to open segments of the electricity market and establish new, transparent rules for market participation. It has also succeeded in introducing clear prices both for commercial and household customers, which is essential for efficient operations.

Support through the regional Utility Partnership program, which included an agreement between Mississippi Power Company and the state electric power company in 1998, has continued through the Utility Management Institute program. The exchanges of information and workshops organized through these programs helped shape the Romanian power sector's efforts to restructure and commercialize. Another Utility and Regulatory Partnership Program, through the US Energy Association (USEA), was developed to assist CONEL and ANRE in their restructuring and sustainability efforts, respectively.

Initially, the Mission's energy efficiency assistance focussed on developing a private consultancy market. In 1999 USAID provided additional training in project financing and performance contracting to more than 10 energy consulting companies. These companies undertook assessments and services for industrial customers, resulting in concrete savings amounting to \$ 4 million and also reduced pollution emissions. The Mission is shifting its energy efficiency emphasis to working a model project aimed at achieving energy savings in the district heating system in Constanta. This project has multiple features including making the city credit worthy. Technically, it will target district heating rehabilitation. The loans are expected to be financed by EBRD with possible private bank participation. This activity, an important element under the SECI Initiative, is in the feasibility study phase, so the jury is still out. If successful, it will be replicated in other Romanian towns, and possible in cities throughout the region.

We envision that the structural changes will continue so that the state monopolies devolve more assets and that more participation from private, including American, investment will take place. The regulatory body's initial successes should give confidence that transparency and fairness will become the norm. Obviously, the measures in the energy sector go hand-in-hand with continued reforms throughout the economy. Other donors are also heavily engaged and need to accelerate actual implementation so that the Stability Pact demonstrates tangible results. The Mission's attention in energy efficiency will continue on the SECI-related efforts. The upcoming election might be a strong determinant of the energy sector's course.

Possible Adjustments to Plans:

USAID helps leverage considerable investment by multilateral banks, but delays in loan negotiations have negatively impacted timing and overall implementation. While USAID support does not rely on the other donors, this might effect the depth of our involvement. The Mission is exploring re-entering the gas sector. The government is sending signals that it is prepared to move forward, as they have for the electrical sector, to restructure and eventually privatize some segments in the near term. The Mission plans to initiate a modest program to carry electricity and possible gas sector assistance through the R4 period.

Other Donor Programs:

USAID assistance participates in approximately \$300 million World Bank and EBRD loan preparation, to restructure the power sector and promote modernization and investment in the Romanian energy sector. EU-PHARE TA is being closely coordinated with USAID, in order to avoid overlap and enhance synergy in the overall assistance offered to the sector. A new energy efficiency fund to be developed in 2000 by Global Environment Fund (GEF) could benefit from USAID's Constanta project. USAID activities are part of the regional approach of the Stability Pact activities on the energy sector.

Major Contractors and Grantees:

Key activities funded by USAID are: restructuring and regulatory support in power sector, development of a utility and regulatory partnership, and energy efficiency support. Current grantees and contractors include: Advanced Engineering Associated International (AEAI), Electrotek Concepts, Urban Institute, the U.S. Energy Association (USEA) and National Association for Utilities Regulators (NARUC).

Performance Data Table

Objective Name: A more economically sustainable and environmentally sound energy sector			
Objective ID: 186-015-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 1.5.2.1. Private investment and share of electricity generated increased			
Indicator: Market share of independent power			
Unit of Measure: Power share in total annual MWh production	Year	Planned	Actual
	1995	Baseline	0%
Source: CONEL	1996	2%	0%
Indicator/Description: Independent power generated	1997	3%	3%
	1998	10%	14%
	1999	20%	20%
Comments: Independent power production share shows the electricity market decentralization (either through CONEL's activities spinning-off or through new IPPs)	2000	30%	
	2001	50%	
	2002	60%	

Performance Data Table

Objective Name: A more economically sustainable and environmentally sound energy sector			
Objective ID: 186-015-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 1.5.2.2 Purchasing, licensing and access regulated by independent authority			
Indicator: A - achievement of ANRE's financial sustainability B - achievement of ANRE's independence in decision-making C - achievement of capability to issue specific regulations			
Unit of Measure: A - %; B - Yes/No C - Yes/No	Year	Planned	Actual
	1995		
	1996		
	1997		
Source: ANRE	1998		
Indicator/Description: The indicator measures organizational and financial sustainability of the main regulatory body for the energy market in Romania.	1999 (Baseline)	A- 50% B - Yes C - No	A - 50% B - Yes C - Yes
	2000	A - 80% B - Yes C - Yes	
Comments: ANRE (Agentia Nationala de Reglementare in Energie) started functioning in 1999 and it serves as the regulatory body for the electricity market in Romania. USAID supports improvement of ANRE's staff technical skills on issuing licences and secondary legislation as well as new regulation for the proper functioning of the electricity market in Romania.	2001	A - 100% B - Yes C - Yes	

Performance Data Table

Objective Name: A more economically sustainable and environmentally sound energy sector			
Objective ID: 186-015-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 1.5.3. Improved energy efficiency			
Indicator: Dollars saved as a result of energy efficiency projects			
Unit of Measure: USD (millions)	Year	Planned	Actual
Source: energy companies assisted by USAID	1998	Baseline	0
Indicator/Description: As measured by net savings from energy efficiency projects implemented by USAID-supported consulting companies	1999	1	4
	2000	6	
	2001	10	
	2002		
Comments: This indicator has well exceeded USAID expectations. Although the potential for energy savings in Romania is high, these savings only exceeded expectations after the development of an appropriate energy consulting market during the last couple of years..			

Text for SO 1.6

Country/Organization: USAID/ Romania

Objective ID: 186-016-01

Objective Name: Increased environmental management capacity to promote sustainable economic growth

Self Assessment: On Track

Self Assessment Narrative: This SO made steady progress over the year. USAID investments in this sector are relatively small, so unless coordinated with other donors and/or USAID regional programs, the impact is restricted. The Mission is examining future activities to concentrate on policy and establishing an environmental fund leverage a far greater impact of our resources.

Primary Link to Strategic Agency Framework:

(please select only one)

5.1 Global Climate Change

Secondary Link to Strategic Agency Framework:

(select as many as you require)

- | | |
|--|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input checked="" type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input checked="" type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input checked="" type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input checked="" type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input checked="" type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input checked="" type="checkbox"/> 5.1 Global Climate Change | <input checked="" type="checkbox"/> 5.2 Biological Diversity |
| <input checked="" type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input checked="" type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input checked="" type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

This SO advances Romania protection of its natural resources, with a specific focus on reduction of greenhouse gases and the preservation of its bio-resources. USAID assistance strengthens both public and private management capacities to address critical constraints to sustainable development and facilitates urgently needed environmental investments. The program helps draft and implement environmental policies, laws and regulations that incorporate the polluter pays concept and promote fair and equitable approaches to ensure compliance. Efforts also include activities which mobilize investments, including foreign direct investment, needed to improve the environmental infrastructure of Romania. .

Environmental improvements directly benefit the health of local populations, provide for the rational management of natural resources and energy, and are directly linked to the sustainability of economic development in emerging market economies. Assistance activities directed to national and local environmental protection authorities (EPAs) include training and direct technical assistance for local demonstration projects. Efforts are also being made to help these authorities be more responsive to emergency situations (e.g., the Baia Mare cyanide spill). The direct beneficiaries are the Ministry of Waters, Forests and Environmental Protection, judet-level EPA's, targeted industries and municipalities, and NGO's working in the environmental sector.

Key Results:

Three intermediate results contribute to this objective: (1) improved environmental resource management; (2) enhanced environmental legal authority; and (3) increased environmental sector financial sustainability. Strengthening local authorities' capabilities is critical to improving environmental compliance and to forwarding international efforts to reduce greenhouse gas (ghg) emissions. Controlling ghg emissions and reducing the risk of Global Climate Change is a key US environmental objective. The passage of the Waters and Environment Laws set a solid foundation for integrated management and self-sustainability of the environment sector. Assistance to privatize the national water utility introduced full-cost pricing of water services. Romania's capacity for sustainable environmental actions was enhanced by USAID support to implement a new law on "self-financing".

Performance and Prospects:

Mission programs have built environmental skills, developed institutional capacity, and established key policies to address critical issues. Our demonstration projects promote cleaner production and pollution prevention as preferred environmental management practices. Model projects in cooperation with local enterprises and the Pollution Prevention Center have generated savings for the targeted industries, reduced contamination released into the community and reduced risks to workers' health. Pollution prevention activities are now being replicated through on-going bilateral assistance programs (e.g., GEF Danube program and Ecolinks), and increasingly through a market-driven focus on environmental sustainability. Mission work on a financing strategy should accelerate interest in pollution prevention investments and the realization of cost savings.

USAID also supported a wide array of environmental training activities including a graduate program in environmental management at the Technical University in Cluj, the only such

program in Romania. Graduates of this program have adopted new environment management practices at various industries. This program has now become self-sustaining. The Global Environmental Facility (GEF) project has helped local governmental environmental agencies and industries in managing environmental information, and improving the quality of the Cris river, reducing transboundary pollution in the River Basin, with impact on the protection of Danube Basin's bio-resources and public health.

This SO supported the drafting and enactment of the water law and the general environmental framework law and a number of implementing standards. Policy and regulatory development, essential to Romania's candidacy to the EU, is harmonized with applicable EU directives. Mission programs improved the efficiency and the informational value of environmental monitoring of pollution sources. Our programs are also building essential capacity for Romania to participate in UN Framework Convention on Climate Change including inventorying of sources, modeling of impacts and verifying environmental data. A variety of regulations (e.g., Ministerial Orders for Inspection and Monitoring) have been adopted.

As part of our commitment to the Stability Pact, USAID helps Romania prepare projects to construct urgently needed environmental infrastructure (e.g., wastewater treatment facilities, potable water systems, etc.). Our first major accomplishment will be the Oradea wastewater treatment facility upgrade in the Summer of 2000 as part of the Regional Danube GEF program. Additional project design has moved forward under regional funding.

Possible Adjustments to Plans:

Activities will focus on building the capacity of the water authorities and local EPAs to execute new laws and regulations and in establishing a revenue stream to support environmental licensing and inspections. Our program will spur other stakeholders (i.e., NGOs and regulated entities) to participate in environmental rulemaking and activities to benefit public health and the environment. We will concentrate on formulating an environmental investment strategy, including the effective utilization of substantial sums of capital in EU pre-accession instruments. This effort will ultimately create a Environmental Investment Facility, commonly referred to the environmental fund. Romania is the only CEE country not to have established any type fund. Much of these financing efforts will counteract the impacts on environmental spending caused by austere budgeting. The Mission will also coordinate with the U.S. EPA, the Army Corps of Engineers and the EU to assess and propose solutions for the contamination problems caused by the mining industry.

Other Donor Programs:

Mission programs complement World Bank and EBRD investment loans to improve local water management systems and pollution prevention investment at select enterprises. The French and Germans support advisors in water and waste policy. EU Phare has designated about 25% of the total ISPA and SAPARD funds for environmental infrastructure to Romania. ISPA is a 1 billion Euro per year pre-accession instrument for environment and transportation. SAPARD is a 0.5 billion Euro per year pre-accession instrument for agriculture and rural development including water and sanitation. If fully mobilized by Romania, these sources could provide an additional \$150-200 million per year in grants to build environmental infrastructure over 7 years. The Danish EPA will begin project preparation in district heating and municipal wastewater plants,

and the Netherlands has expressed interest in Joint Implementation programs. USAID regional programs like ECOLINKS and the Climate Change virtual training center help Romania.

Major Contractors and Grantees:

Current grantees and contractors include Chemonics, International Institute for Education (IIE), World Learning, the University of Minnesota, the U.S. Forest Service, and the Environmental Protection Agency.

Performance Data Table

Objective Name: Increased environmental management capacity to promote sustainable economic growth			
Objective ID: 186-016-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 1.6.1. Management Operations Strengthened			
Indicator: Dollars saved as a result of pollution prevention projects			
Unit of Measure: \$ (thousands)	Year	Planned	Actual
Source: Pollution Prevention	1996	Baseline	0
Center/EAPS/EcoLinks	1997	86	86
Indicator/Description: As measured by net savings resulting from pollution prevention projects implemented by companies directly receiving USAID-sponsored technical assistance	1998	200	422
	1999	480	480
	2000	600	
	2001	700	
	2002	800	
Comments: includes results from WEC (ended 1999), Ecolinks, GEF program activities			

Performance Data Table

Objective Name: Increased environmental management capacity to promote sustainable economic growth			
Objective ID: 186-016-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 1.6.2. Environmental legislation and policies developed			
Indicator: Improved regulations issued			
Unit of Measure: Number of Target Laws/Regs Adopted	Year	Planned	Actual
	1998	Baseline	0
Source: MWFEP	1999	5	5
Indicator/Description: Targeted List of Regulations has been defined	2000	10	
	2001	15	
	2002	20	
Comments: This indicator was adapted from the old yes/no target of "improved regulations issued". The laws/ regs adopted during 1999 are: Polluter Pays Principle, Eco-management and audit scheme, Integrated pollution prevention and control, Waste Framework, Hazardous waste.			

Performance Data Table

Objective Name: Increased environmental management capacity to promote sustainable economic growth				
Objective ID: 186-016-01				
Approved:		Country/Organization: Romania/ USAID		
Result Name: IR 1.6.3. Environmental sector financial sustainability increased				
Indicator: Institutional Cost Retention				
Unit of Measure: Cumulative percentage		Year	Planned	Actual
Source: MWFEP		1996	Baseline	0
Indicator/Description: As measured by the portion of beneficiary-specific environmental services paid for by cost recovery		1997	0	0
		1998	10	0
		1999	10	0
Comments: Law on Self-Financing Passed in November 1999 - interim system planned for start-up effective January 1, 2000		2000	20	
		2001	40	
		2002	45	

Text for SO 2.1

Country/Organization: USAID/ Romania

Objective ID: 186-021-01

Objective Name: Increased better-informed citizen participation in political and economic decision-making

Self Assessment: On Track

Self Assessment Narrative: USAID's assistance has helped foster interaction between citizens and government and improved NGOs' ability to influence decision-making through policy advocacy and partnerships with the executive, parliament and local governments.

Primary Link to Strategic Agency Framework: 2.3 Politically Active Civil Society
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input checked="" type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input checked="" type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Democracy and Human Rights

Secondary Link to MPP Goals (optional): Regional Stability

Summary of the SO:

USAID democracy programs improve the effectiveness and accountability of the Romanian government, while increasing citizens' political efficacy and civic responsibility. The program has taken strides in strengthening institutions and mechanisms that make Romania's democracy function reasonably well. Complicating the challenges that face Romania's reformers are corruption and the instability of Serbia, Romania's western neighbor. Three intermediate results contribute to achieving this objective: (1) increased effectiveness and accountability of the Romanian leadership; (2) visible decrease in corrupt practices in the public sector; and (3) a strengthened democratic culture through stronger political party structures.

The direct beneficiaries, Parliament, the Executive, the Judiciary, political parties, independent media, non-governmental organizations (NGOs) and trade-unions, all play crucial roles in consolidating Romanian democracy. Assisting them to become more effective makes democracy more valuable to a wider spectrum of citizens, freeing them to become active participants in obtaining redress, receiving justice, and contributing positively to the future of Romania.

Key Results:

The Mission has helped consolidate democracy and deepen trust in democratic institutions and processes. This is reflected in the principal composite indicator which USAID uses to assess progress. It is an index of political and civil rights provided by Freedom House. This index has steadily improved from 4.0 political rights and 3.0 civil rights in 1995/6 to 2.0 and 2.0 for the period 1998/9 (where 1.0 is a top score). This is identical with the 1997-98 rating indicating that even in difficult economic times Romania is maintaining a high level of political freedom.

Performance and Prospects:

Mission programs have increased the capacity of the NGO sector to meet the public's need to understand, participate and improve community life, and to influence public policy. Community facilitators trained through the Democracy Network Program (DemNet) facilitated the development of 26 projects - the target was 25. Six of these projects were submitted to and approved by the Romanian Social Development Fund and are geared to community self-help activities. These projects foster community participation and responsibility in a number of key areas. Two urban environmental projects are raising environmental awareness and helping citizens mitigate the effects of pollution. Eighteen projects were developed through the SO 3.2 team and represent the joint effort of NGOs and local governments (county and municipal) to support children in communities.

The Mission program has contributed to the increased effectiveness and accountability of the Romanian leadership. The key target indicator is the overall Freedom House index as a composite indicator incorporating aspects of improved governmental effectiveness. USAID is achieving improvements in communication and management systems in all branches of government. Exchange programs and training of persons in key positions have increased skills and performance. As a result, the Chamber of Deputies and the Senate published and distributed two complementary volumes describing the parliamentary procedures and the relationships between the government and the parliament. The Chamber of Deputies also developed a manual outlining responsibilities for committee staff and emphasizing the role of staff in providing technical support to the work of MPs. The Romanian Senate reorganized its Center for

Parliamentary Studies, and is providing quicker and better research services to committees. Parliamentarians in both chambers now utilize staff resources more effectively.

Constituency outreach is improving through increased efficiency and professionalism of legislators' district offices. In 1999, 330 MPs field offices (of a total of 485) had formal systems to receive and act on inquiries from citizens. This is a significant improvement from the 1997 baseline of 5 field offices that had in place systems to track citizens' requests. Public communication services and access to Parliament debate and actions are improving. For example all committee hearings are now opened to the media. With regard to the judicial system USAID is improving processes to deliver justice more quickly and understandably to citizens. Based on a Mission-funded court administration assessment and initial assistance, the Ministry of Justice (MoJ) established an Executive Steering Committee that will oversee the administrative and structural reforms. Mission assistance resulted in MoJ creating media relations spokespersons for all court levels throughout Romania. Young lawyers, new magistrates and prosecutors are the targets of intensive professional and ethics training important to anti-corruption measures.

The Mission has increased efforts to reduce corruption. Major activities in this area are just beginning to get started. The target indicator for this intermediate result is the Transparency International Corruption Perception Index. The indicator for this year shows a small improvement for Romania in terms of citizenry perception. Nevertheless, it is well understood that corruption is a major challenge to all sectors of Romanian society. Based on the findings of a diagnostic recently initiated in coordination with the World Bank's efforts on anti-corruption, USAID plans a systemic approach to address the problem. New activities will complement: the Department of Justice training assistance for prosecution and law enforcement; the new Rule of Law program which will emphasize judicial reform and the creation of mechanisms for monitoring corruption within government institutions; and the Pro Media II program which improves the sophistication and independence of investigative journalists.

The Mission is enhancing democratic culture through stronger political party structures. USAID has just initiated a series of programs to professionalize Romanian political parties in both election and non-election settings, developing their leadership, management and political communications skills. A cadre of young political and administrative leaders and party organizers are being exposed to broader perspectives on democracy.

The prospects for continued progress in this SO are good. The main themes of the Mission's program will be decentralization, the creation of sustainable partnerships, and fighting corruption, while focusing on young political leaders and reform-minded officials. Assistance will continue to aim at supporting government institutions in the judicial, executive and legislative branches, provide better services to ordinary citizens and to translate political will into effective government policy. To secure an increasingly effective voice for citizens in the affairs of government, USAID will also continue to assist NGOs, independent media, political parties and trade unions, targeting organizations active at the local level. This reform support process, particularly including decisive measures to combat corruption will rely on the demonstration of political will to move forward. Supporting Romania's role as a potential major contributor to the region's stability, USAID's democracy assistance will also strengthen ties between Romanian political groups, labor organizations, NGOs and journalists, and their counterparts in the SEE.

Possible Adjustments to Plans:

USAID plans a new NGO Partnerships Umbrella grant that will build upon and expand Romanian-American linkages by offering incentives and opportunities to channel American interest in ways that will promote sustainable partnerships. Partnership assistance will help build the capacity of Romanian organizations in the context of jointly-conducted projects that fall within the Mission's country strategy. Other activities will be supported that engage Serbian counterparts in an effort to hasten the arrival of democracy in Serbia, through multi-sector collaboration. Concurrently, USAID will initiate programs to help Romanian society face inter-ethnic issues constructively. Finally, as noted, a more formal anti-corruption strategy will be implemented.

Other Donor Programs:

USAID is positioned to build sustainable partnerships with the newly-formed "Soros Open Network" of NGOs. EU-PHARE also provides assistance to NGOs and media, and has shifted focus to smaller, local recipients. Rule of Law and anti-corruption activities are closely coordinated with EU-Phare, UNDP and the World Bank.

Major Contractors and Grantees:

Current grantees and contractors include IREX, Freedom House, the American Bar Association's Central and East European Law Initiative, the National Democratic Institute, the International Republican Institute, and ACILS/Solidarity Center.

Performance Data Table

Objective Name: SO 2.1 Increased, Better-informed Citizens' Participation in Political and Economic Decision-making			
Objective ID: 186-021-01			
Approved:		Country/Organization: Romania/USAID	
Result Name: SO level indicator			
Indicator: Freedom House-Global Rating of Political Rights and Civil Liberties			
Unit of Measure: Scale of 1-7, with 1 the most free	Year	Planned	Actual
	95-96	Baseline	partially free (4/3)
Source: Freedom House Annual Survey			
Indicator/Description: The survey employs two series of checklists, one for questions regarding political rights and one for civil liberties. The political rights and civil liberties ratings are then averaged and used to assign each country to an overall status.	96-97		free (2/3)
	97-98		free (2/2)
	98-99		free (2/2)
	99-00	free (2/2)	
	00-01	free (2/1.5)	
	01-02	free (1.5/1.5)	
Comments:			

Performance Data Table

Objective Name: SO 2.1 Increased, Better-informed Citizens' Participation in Political and Economic Decision-making			
Objective ID: 186-021-01			
Approved:		Country/Organization: Romania/USAID	
Result Name: SO level indicator			
Indicator: Number of projects designed and developed in cooperation by citizens, civil society and decision-makers, at the local level			
Unit of Measure: projects	Year	Planned	Actual
Source: Democracy Network Program/ New NGO sector support program	1997	Baseline	0
	1998	10	16
Indicator/Description: Number of priority community concerns formally targeted through collaboration between public authorities, civil society and citizens	1999	25	26
	2000	10	
	2001	25	
	2002	25	
Comments: Targets for 2000 and 2001 have been revised. Although currently USAID has no activities aimed at achieving these targets, a new program might be initiated during FY 2001.			

Performance Data Table

Objective Name: SO 2.1 Increased, Better-informed Citizens' Participation in Political and Economic Decision-making			
Objective ID: 186-021-01			
Approved:		Country/Organization: Romania/USAID	
Result Name: IR 2.1.2 Visible Decrease in Corrupt Practices in the Public Sector			
Indicator: Corruption Perception Index			
Unit of Measure: scale of 0-10, with 10 highly clean	Year	Planned	Actual
	1997	Baseline	3.44
Source: Transparency International	1998		3
Indicator/Description: Accounting for public perceptions of the degree of corruption among public officials as seen by business people, risk analysts, and the general public	1999		3.3
	2000	3.5	
	2001	3.65	
	2002	3.9	
Comments: This is a new indicator as stated in last year R4 report.			

Text for SO 2.3

Country/Organization: USAID/ Romania

Objective ID: 186-023-01

Objective Name: More effective, responsive and accountable local government

Self Assessment: Exceeding Expectations

Self Assessment Narrative: Once primarily geared to good management practices, SO 2.3 has evolved into a comprehensive effort bringing the devolution of power, responsibility and fiscal authority to local government in Romania and has produced excellent results. The local governments are preparing to accept additional responsibilities and authority as the central government acts to cede them in areas such as health, human services, education and economic development. The public distinguishes between central and local governments and expresses its confidence in the ability of the latter to provide services, even in difficult times.

Primary Link to Strategic Agency Framework: 2.4 Accountable Gov't Institutions
(please select only one)

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input type="checkbox"/> 4.4 HIV/AIDS | <input type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input checked="" type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Democracy and Human Rights

Primary Link to MPP Goals: Democracy and Human Rights

Secondary Link to MPP Goals (optional): No Secondary Linkage

Summary of the SO:

This SO contributes directly to the MPP goal of democracy and the strategy related to local government and decentralization. The Mission has keyed Romania's adoption of significant fiscal decentralization legislation which has devolved upon local governments the power to manage their own financial affairs, to prepare and adopt budgets on their own authority, to set rates for local taxes and fees, to collect their own revenues for planned capital investments and to finance construction of those investments. Local governments are responding to these new responsibilities and actively participating in Mission-sponsored training opportunities. Training is offered to city and county council members and local government officials and to potential lenders in public budgeting and operations, personnel and organizational management, revenue generation, customer service, citizen participation and municipal credit and finance. In addition to legislative drafting assistance, USAID provided training to local governments to familiarize them with the new laws. USAID is cooperating closely with national and international financing institutions to help establish a functioning, market oriented municipal credit system in Romania.

Direct beneficiaries are local officials who receive training and develop their skills in management and finance. Citizens of the targeted communities will benefit from improved services and having an increased role in local decision-making. The central government will benefit by turning over authority and responsibility for local services to local governments.

Key Results:

The Local Government SO has made excellent strides in promoting decentralization of government. It has provided the tools to local officials and the community enabling relatively effective implementation of new authorities and responsibilities, and increasing the accountability and service to citizens. Three intermediate results will contribute to achieving this objective: (1) advanced capacity of local governments to manage resources; (2) enabling regulations and policy framework for decentralization established; and (3) increased revenues available for local governments. The program completed a transition from one contractor, Chemonics, to the Research Triangle Institute. The Mission program has built on the earlier successes by expanding the number of Romanian cities with operating and capital budgets and with financial management systems. Successful local practitioners have been used in training and technical assistance efforts to improve the capacity of local governments to manage resources in 120 cities and counties. Critical legislation was passed over one year ago to devolve spending and revenue generating authorities to the cities. Various implementing regulations and rational spending strategies have been adopted to improve efficiency and impact. In its first year of execution, the new system encountered problems ranging inadequate management capacity to the imposition of unfunded mandates. The Mission focuses assistance on remedying these problems quickly, while also exploring legislative adjustments to clarify relationships and responsibilities between central and local levels. As a result, cities and counties are better able to provide services to citizens and better prepared in the future to self finance public improvements

Performance and Prospects:

In every indicator, performance has exceeded expectations, even though the Mission has raised target levels. The legislative process for fiscal decentralization has been defined and implementation has begun. Local government is now legally and practically able to incur debt and to finance capital improvements on its own initiative, and to service that debt. Legislative and regulatory adjustments are being examined to build on the lessons learned from the first year of operation. The effort to introduce program performance budgeting and reformed financial management, which began initially in three cities, has expanded to make training available nation-wide. Program performance budgeting is now the national standard, as over 35 cities use the standard, which includes for the first time, open public hearings to enable citizen input. Despite progress, the localities found it extremely difficult to manage the nationally-mandated child welfare issues. The lack of clear funding sources produced a crisis in care, which required international donor relief.

The program is working simultaneously with municipal borrowers, potential lenders and government regulators to help all parties establish a municipal credit system, based on competitive market principles, creditworthy municipalities and transparency, with appropriate citizen participation. With municipalities controlling over 40% of their budgets, more borrowing against revenues streams is occurring. An additional five cities received municipal credit from the EBRD this past year to undertake water, energy efficiency and public market projects. Several more are negotiating with private sources.

Mission activities have strengthened the local government association sector in Romania so that associations (both new and old) are able to carry out an effective legislative program, provide a full range of professional services to their members and benefit from peer relationships with local government associations in the US and EE countries. These associations are working closely with the Ministry of Finance to clarify regulations and to smooth the introduction of the global tax system and its impact on municipalities. In the field of citizen participation, the program has opened more avenues, enhancing the ability of citizens to participate in local decision making and civic activity, and thereby strengthen civil society. The recent round of budget hearings have been well attended with lively, incisive participation. The citizen information centers, a legacy of previous USAID efforts, continue to spread throughout the country (45), while being funded solely by the municipalities.

The prospects for success in the SO are strong. The skill level for management and budgeting continue to rise among staff professionals and elected officials. Associations have improved services and should become even more effective voices for their customer. Despite the difficult economic climate, the more stable revenue stream should encourage donors and private lenders to look at municipalities as capable clients. The citizenry is engaged at the local level and are starting to feel part of the decision making process. The pressure from the people to be included, to see transparency and to assure accountability will also reduce corrupt practices. Generally, results are most evident when assisting local governments in areas where they have independent power. Changes which require action by the national government, or actions which require coordination between local and national authorities are much more difficult. The shift of control

over taxes which support local governments has taken much longer than necessary. Nonetheless, we expect to changes in mentality and experience at both the local and national level.

Possible Adjustments to Plans:

The Budgeting and Public Management element will serve as the core of the program because it works directly on all three of the intermediate results. This activity will create pathways into other areas of the program, municipal credit and finance, association building and citizen participation. The principal adjustment is the startup of the Local Economic Development component, which will work on local level land use privatization and creating a supportive environment for business development.

Other Donor Programs:

EBRD and World Bank are key partners in establishing a municipal credit system. EU-Phare and the UK Know How Fund are prospective partners in contributing to local government development. The Mission recently signed a letter of cooperation with the Soros Foundation to extend our training and technical assistance more broadly particularly in the areas of management and budget, and municipal financing.

Major Contractors and Grantees:

Research Triangle Institute.

Performance Data Table

Objective Name: More effective, responsive and accountable local government			
Objective ID: 186-023-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 2.3.1, Advanced capacity of local government to manage resources			
Indicator: Creation, development and use of program performance budgets			
Unit of Measure: Program performance budgets	Year	Planned	Actual
Source: RTI	1996	Baseline	2
Indicator/Description: A budget process involving citizen participation producing a usable management document accurately reflecting the policy intent of the local authority	1997	2	2
	1998	2	24
	1999	24	35
	2000	50	
	2001	81	
Comments: Target was exceeded as national officials accepted the improved program budgeting method implemented through the USAID program.			

Performance Data Table

Objective Name: More Effective, responsive and Accountable Local Governments			
Objective ID: 186-023-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR2.3.2, Increased local government control over functions and revenues			
Indicator: Proportion of the budgets of local government units over which they have unrestricted authority			
Unit of Measure: Percentage of locally controlled expenditure in the budget	Year	Planned	Actual
	1995	Baseline	20%
Source: RTI, Local authorities	1996	25%	26.4%
Indicator/Description: Portion of budget expenditure over which the local authority has control	1997	30%	34.2%
	1998	35%	35%
	1999	40%	42%
Comments: Past representations of locally controlled revenue indicated greater control than in fact existed. The current table shows slower but more reliable progress. Adopted legislation is expected to cause the steady increase of this percentage in future years.	2000	45%	
	2001	50%	

Performance Data Table

Objective Name: More effective, responsive and accountable local government			
Objective ID: 186-023-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 2.3.3.1, Municipal financial resources for capital needs increased			
Indicator: Number of municipalities borrowing for capital investment			
Unit of Measure: Municipalities or county councils	Year	Planned	Actual
	1996	Baseline	5
Source: RTI	1997	5	10
Indicator/Description: Municipalities borrowing from all sources	1998	5	5
	1999	5	5
	2000	5	
	2001	5	
Comments: Municipalities have begun using their new authority to borrow against anticipated revenues thereby smoothing cash flow for both operating and capital purposes. Several cities are negotiating with private sources for capital investment in utility systems in conjunction with service contracts			

Performance Data Table

Objective Name: SO2.3 More effective, responsive and accountable local government			
Objective ID: 186-023-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: 2.3.1.2.1.Mechanism to exchange ideas between citizens and government established			
Indicator: Number of citizen information centers organized, constructed and operating			
Unit of Measure: CICs	Year	Planned	Actual
Source: RTI	1995	Baseline	0
Indicator/Description: Citizen information centers provide access to local government information and services	1996	0	3
	1997	5	6
	1998	7	25
Comments: USAID assistance to CICs has ended. CICs are independently replicating and sustainable. There will be no future reporting on this indicator	1999	-	45

Text for SO 3.2

Country/Organization: USAID/ Romania

Objective ID: 186-032-01

Objective Name: Improve the welfare of children and women in Romania

Self Assessment: On Track

Self Assessment Narrative: The number of children in institutions has decreased by 1,765 during the last seventeen months, decreasing in 26 of the 41 counties in Romania. At the same time, the SO has exceeded the projected increase in use of modern contraception (actual 100% increase since 1993) to reduce the maternal mortality from abortion.

Primary Link to Strategic Agency Framework:
(please select only one)

6.1 Impact of Crises Reduced

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|---|--|
| <input type="checkbox"/> 1.1 Private Markets | <input type="checkbox"/> 1.2 Ag Development/Food Security |
| <input type="checkbox"/> 1.3 Economic Opportunity for Poor | <input type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input type="checkbox"/> 2.2 Credible Political Processes | <input type="checkbox"/> 2.3 Politically Active Civil Society |
| <input type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input checked="" type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input checked="" type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input checked="" type="checkbox"/> 4.4 HIV/AIDS | <input checked="" type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input checked="" type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Humanitarian Assistance

Summary of the SO:

This SO has countered the negative effects of the communists' pro-natalist policies, which included unsafe abortion, high maternal mortality, and abandonment of unwanted children. In order to achieve the objective, the Mission pursues two intermediate results: decreased dependency on institutions for children and increased use of women's health services. The Mission's program undertakes activities geared to expanding access to, improving quality of, and increasing demand for reproductive health services, assisting the GOR develop a cost-effective health financing reform, and developing community-based services for families and children to reduce dependence on institutionalization. USAID's activities are developing model clinics and a continuum of services in three counties (Cluj, Iasi, and Constanta), facilitating the establishment of these services in seven additional counties, establishing standards of practice, and enhancing nationwide monitoring systems. Efforts to minimize transmission of infectious diseases support the Stability Pact. The program confronts obstacles in government policy and structure, although recent reforms have improved this partnership. The uncertain and constricting budgets are hampering all levels of health care and have placed increasing pressures to meet the needs of institutionalized children.

The beneficiaries of the program are the women and children of Romania, in particular those that are most vulnerable. Benefits will accrue to the whole of society with a higher quality, lower cost health care system. Romanian society will benefit from having children raised in caring families rather than sterile institutions.

Key Results:

USAID is the leader in promoting the use of modern contraception as an alternative to abortion. The 1999 Reproductive Health Survey demonstrated that the percent of married women aged 15-44 using modern contraception has increased from 14% to 29.5% since 1993. The Mission's efforts have also contributed to the decline in maternal mortality, half of which is attributable to unsafe abortion, from 84 per 100,000 live births in 1990 to 41 in 1998. In addition, our program has impacted the health financing system through a Ministry of Health decision to employ the USAID-funded cost-containment (DRG) model nationwide.

Not only has Romania achieved the projected reduction in the number of children in institutions in the three pilot counties where the Mission implements programs, but also there is a reduction in other counties where people responsible for child welfare have received our training. The number of children in institutions in the county Tirgoviste, for example, decreased by 23% during 1999. In Maramures, the institutionalized population was reduced 25% in FY 99 due to the closure of an institution and establishment of community services.

Performance and Prospects:

Recent survey data highlight the critical need for continued attention to reproductive health, since there is a reported unmet need for more effective contraception among 40% of married women, and abortion rates remain high relative to other countries. Mission training programs are developing better qualified rural health providers (nurses and physicians), who previously had little or no training in family planning and pre- and post-natal care. In addition to counseling and clinical training in reproductive health, over 500 physicians and nurses receive training to

manage medical facilities to ensure fiscal viability, sustainability, and to improve the quality of care. Over 350 pharmacists (critical client contact points) from three counties have received training in family planning counseling to better serve clients, and teachers from high schools in three counties have learned an enhanced curriculum that includes family life education. Training will continue to be extended to the seven additional counties. Current and future efforts are focused on public awareness and advocacy to promote improved quality and accessibility of reproductive health services.

The Mission works closely with the GOR to perpetuate the network of family planning clinics at a time of inadequate financing, and partners with county-level task forces identifying strategies to expand access to family planning and other reproductive health services. USAID is the lead donor solving the present crisis in financing and distributing contraceptives nation wide, an acute situation that threatens access and successes to date.

The MOH has initiated nationwide implementation of USAID's cost-containment demonstration project (DRG-based) and it holds great promise for health finance reform to provide funding for preventive programs such as reproductive health. Already, a new methodology for costing an entire hospital has been employed and can be used throughout the country, which will force the introduction of Generally Accepted Accounting Principles when it is rolled out to all Romanian hospitals.

Mission programs have implemented a basic continuum of child welfare services in the three model counties, which include family reintegration, foster care, domestic adoption, emergency financial assistance, home-based counseling, and maternal-child centers. The results are impressive. Community services currently serve 1,500 active cases. A rural community network of 21 social workers oversees 230 cases in Cluj to prevent abandonment. Over 400 institutionalized children have been re-unified with their families; 280 foster care families have been recruited and trained; and 160 children with HIV receive community-based services instead of being hospitalized. Moreover, the program has helped publish foster care standards, formulated social work ethics, and instituted social work training programs universities.

Despite the economic situation, the Mission programs are having solid success and the prospects are good for the future. The nature of the budget pressures will encourage the GOR to accelerate plans of focussing on primary and preventive approaches. The current austere budget environment should hasten efforts to institute more rational cost-containment measures and to find more innovative health sector financing schemes. The message that women's health improvements are critical to solving other sector problems now resonates in the government and within the medical community. This should open more doors for our program inputs. On the child welfare side, the community services model is accepted more widely, and with the other donors following suit, we expect a greater number of children to be de-institutionalized in the coming years.

Possible Adjustments to Plans:

As noted, basic activities will expand into seven more counties. A new social marketing program will address the contraceptive supply issue. In the future, the Mission will likely extend services to those who prefer to have no more children (64% of women 25-34 and 95% of women

35-44). With greater exodus of children from institutions, community-based services will require expansion, such as life skills or independent living programs that have a heavy vocational, labor market component. Moreover, the approximately 3,500 children and young people in institutions for the disabled are in need of an array of services which our program is currently helping to design. We will start efforts to help develop the capacity of the new Agency for Child Protection and a system for monitoring and tracking of children under protection of the Departments of Child Protection. Also, the Mission is examining a mechanism to consolidate private and other donor funds to target more resources on the problems and enable longer-term sustainable solutions. The Mission will expand its use of volunteers to expand benefits of the health and child welfare portfolios. Finally, present programs have great relevance throughout the region and have consistency with the Stability Pact.

Other Donor Programs:

The World Bank has been the major donor in health, with a new loan of approximately \$60 million, scheduled for late 2000, which will focus primarily on health system reform and developing models of integrated care. EU-Phare presently has projects targeting institutional reform at the MOH, health sector financing, and legislation in the pharmaceutical sector. Components of both the World Bank and EU Phare projects build upon two USAID demonstration projects. Other contributions related to SO 3.2 come from the EU Child Protection Program, Soros, the Council of Europe, the United Nations Children's Fund (UNICEF), the United Nations Fund for Population Activities (UNFPA) and the United Nations Development Program (UNDP). The World Bank has a \$5 million program for reform projects in child welfare. The EU is currently conducting a study to decide how to spend 25 million Euros from 1999 and 5 million Euros from 2000 on child welfare and humanitarian assistance. UNICEF continues to play a key role in facilitating child welfare policy development.

Major Contractors and Grantees:

World Vision/ Bethany Services, Holt International, Feed the Children, Johns Hopkins University Population Communications Services, the US Centers for Disease Control, John Snow, Inc., Management Sciences for Health, Project Concern International, the US Department of Health and Human Services, the American International Health Alliance (Humana/University of Louisville and Hennepin County Hospital), Howard University, and several local NGOs.

Performance Data Table

Objective Name: Improve the welfare of children and women in Romania			
Objective ID: 186-032-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 3.2.2 Improving women's welfare			
Indicator: Proportion of women who use modern contraception			
Unit of Measure: Percentage	Year	Planned	Actual
Source: Surveys performed by US CDC and Romanian Institute of Mother/Child Health	1993	Baseline	14%
	2000*	20%	29.5%
Indicator/Description: Percentage of women in union of reproductive age reporting use of modern contraception	2001	32% **	
	2002	34% **	
Comments:			
* preliminary data from 1999 reproductive health survey			
** projection increased from FY1999 R4 based on actual data from FY2000			
NOTE: National Surveys were conducted in 1993, 1996 and 1999. Plans are being made for a limited survey in 2002 to update statistics on indicators, but for 2001, the rate of abortion according to national statistics will be used as a proxy for the above indicator.			

Performance Data Table

Objective Name: Improve the welfare of children and women in Romania			
Objective ID: 186-032-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 3.2.1 Decrease dependency on use of institutions for children			
Indicator: Number of children in institutions in three target judet			
Unit of Measure: Number of children	Year	Planned	Actual
Source: National Agency for Child Protection Monitoring Data	1997		3992
	1998		3204
Indicator/Description: Indicator is reported for Constanta, Cluj and Iasi judet.	1999	3355	3018
	2000	3000	
	2001	2682	
Comments: Data is reported as of Dec 31, 1999	2002	2092	

Performance Data Table

Objective Name: Improve the welfare of children and women in Romania			
Objective ID: 186-032-01			
Approved:		Country/Organization: Romania/ USAID	
Result Name: IR 3.2.1 Decrease dependency on use of institutions for children			
Indicator: Number of children served by community-based child welfare services in three target judet			
Unit of Measure: Number of children	Year	Planned	Actual
Source: National Agency for Child Protection Monitoring Data	1997		1159*
	1998		1555
Indicator/Description: Indicator is reported for Constanta, Cluj and Iasi judet.	1999	3108	3309
	2000	3500	
	2001	3938	
Comments: In 1997, data was only available for two counties. Data are reported for Dec 31, 1999.	2002	4574	

Text for SO 4.2

Country/Organization: USAID/ Romania

Objective ID: 186-042-01

Objective Name: Cross cutting programs

Self Assessment: On Track

Self Assessment Narrative: This SO has no supporting framework and no measuring indicators. The activities, such as participant training and the Department of Labor redeployment and local development, for the most part underpin performance in the other SOs. It also houses special activities geared to implementing the U.S.-Romania Strategic Partnership and Stability Pact/Southeast Europe Initiatives. The ongoing programs are all meeting planned outputs.

Primary Link to Strategic Agency Framework:
(please select only one)

7.2 Program Effectiveness Improved

Secondary Link to Strategic Agency Framework:
(select as many as you require)

- | | |
|--|--|
| <input checked="" type="checkbox"/> 1.1 Private Markets | <input checked="" type="checkbox"/> 1.2 Ag Development/Food Security |
| <input checked="" type="checkbox"/> 1.3 Economic Opportunity for Poor | <input checked="" type="checkbox"/> 2.1 Rule of Law/Human Rights |
| <input checked="" type="checkbox"/> 2.2 Credible Political Processes | <input checked="" type="checkbox"/> 2.3 Politically Active Civil Society |
| <input checked="" type="checkbox"/> 2.4 Accountable Gov't Institutions | <input type="checkbox"/> 3.1 Access to Ed/Girl's Education |
| <input checked="" type="checkbox"/> 3.2 Higher Ed/Sustainable Development | <input checked="" type="checkbox"/> 4.1 Unintended Pregnancies Reduced |
| <input checked="" type="checkbox"/> 4.2 Infant/Child Health/Nutrition | <input type="checkbox"/> 4.3 Child Birth Mortality Reduced |
| <input checked="" type="checkbox"/> 4.4 HIV/AIDS | <input checked="" type="checkbox"/> 4.5 Infectious Diseases Reduced |
| <input checked="" type="checkbox"/> 5.1 Global Climate Change | <input type="checkbox"/> 5.2 Biological Diversity |
| <input checked="" type="checkbox"/> 5.3 Sustainable Urbanization/Pollution | <input checked="" type="checkbox"/> 5.4 Environmentally Sound Energy |
| <input type="checkbox"/> 5.5 Natural Resource Management | <input checked="" type="checkbox"/> 6.1 Impact of Crises Reduced |
| <input type="checkbox"/> 6.2 Urgent Needs in Time of Crisis Met | <input type="checkbox"/> 6.3 Security/Basic Institutions Reestablished |
| <input type="checkbox"/> 7.1 Responsive Assist Mechanisms Developed | <input type="checkbox"/> 7.2 Program Effectiveness Improved |
| <input checked="" type="checkbox"/> 7.3 Commit Sustainable Development Assured | <input checked="" type="checkbox"/> 7.4 Technical/Managerial Capacity Expand |

Link to U.S. National Interests: Economic Prosperity

Primary Link to MPP Goals: Economic Development

Secondary Link to MPP Goals (optional): Democracy and Human Rights

Summary of the SO:

This SO supports the U.S. Mission's MPP goals of economic development and democracy and human rights. It promotes human capacity development in all sectors, fostering synergies across SOs. Since a significant portion of our portfolio operates at the local level, the Mission's participant training targets key counties, assuring leaders and professional from several disciplines upgrade performance. It buttresses the technical assistance provided through other mechanisms and helps to unify the vision of local officials. The SO also integrates other cross-cutting themes, including measures for labor redeployment of employees from downsized enterprises and local economic development in areas hardest hit by restructuring, services to link Romanians educated in the United States with jobs in Romania, Women In Development, NGO coordination and volunteerism. This SO also supports special initiatives which are perceived as targets of opportunity. This year these special initiatives included training for Romanian groups and decision makers who assist the elderly and the handicapped. The TRANSIT project and the Ron Brown Fellowship Program (administered by USIS) provide the mechanisms to improve skill levels and expose Romanian to new techniques and ideas. An IREX "Return to Romania Project" encourages the return of Romanians who have studied in the United States. The Department of Labor Labor Redeployment/Local Economic Development (LED) Project is helping the GOR retrain and re-employ persons displaced by industrial downsizing and create business and labor opportunities for people in the most economically depressed regions.

Key Results:

As a mechanism to provide cross-cutting support to all other SOs, results under SO 4.2's human capacity development objectives are being tracked and measured through IRs and indicators in other SOs. Training impacts are hence covered in other sections of this R4. The TRANSIT participant training project successfully implemented 53 programs training 1,717 people during the last year, of which 27 were U.S.-based training event, 8 were third-country, and 18 were in-country training. The project issued \$200,000 in small grants to participants in the health and child welfare areas to implement their action plans and increase their training impact.

Key results in the "Return to Romania Project" include developing a database listing interested graduates and postgraduates of U.S. universities and potential employers and begin linking and promoting activities. 57 candidates asked for services and 45 potential employers expressed their desire to be included in the database. The Department of Labor has served 46,213 clients with job and business training (active measures), and have placed 11,781 in new jobs. The new LED Component has provided seven communities with training and project grant funds.

Performance and Prospects:

The Mission's program has successfully trained leaders in child welfare, health, agriculture, private enterprise, democracy, energy, and environment. Participants in child welfare changed policy from one which supported institutionalization to one which keeps children with families. One participant has initiated design of elderly policies and services, hence putting his training to immediate use. A group of MOH senior policy makers dramatically changed their health financing strategy after third-country training. Agricultural policy was modified after U.S.-based agriculture training. Participant training has evolved from targeting only isolated individuals, to networks of influential decision-makers, to following-up with technical assistance and small grants to put into play new skills learned. The next stage will support cross-border training in the region in order to develop a network of experts and to foster sharing of ideas and resources.

The Mission's DOL Program, closely coordinates with the World Bank's "Employment and Social Protection Project." DOL activities include active and passive measures for displaced workers, such as employment and relocation training and retraining, small business consulting and assistance, business incubators, public employment, and local development activities. The project strengthens the Ministry of Labor's staff to carry on the active measures program. The DOL project fielded a senior labor advisor who is addressing critical labor issues. The economic development activity has selected an additional 14 communities for grants.

Under SO 3.2, three counties have demonstrated decentralized child welfare and women health best practices. One of these counties, Cluj, represented the pilot county for the integrated community development project. Twenty participants under this SO were exposed to similar challenges in Hungary and Poland. They established a Community Task Force and organized themselves into a community foundation. Shortly thereafter, the group submitted a project proposal and it was approved for funding by a Romanian development agency.

In addition to on-going USAID Volunteer activities and partnerships with local NGOs, the Mission facilitates coordination among American NGOs and linkages of American volunteers to local institutions in a variety of sectors. American NGOs working in child welfare in Romania now share ideas and to better fit their programs within Romania's child welfare strategy.

Key WID activities during this year included the design of a women's election advocacy strategy. This strategy, implemented by the Romanian Reproductive Health Coalition, will seek to include women's issues in the political parties' platforms. WID has also done a gender assessment of proposed local economic development activities in Cluj and provided a strategy for retraining women workers displaced in an orphanage which will be closed.

Possible Adjustments to Plans:

There are few anticipated adjustments to plans. The Return to Romania activity will expand to include a new small grants and increase services of the Alumni Center.

Other Donor Programs:

The World Bank is the other key donor in the labor redeployment area and actually co-funded the USDOL project as well as provide d\$8.5 million to fund active labor measures. The World Bank is currently designing a social protection loan which will include more active labor measures. All multilateral and bilateral donors have participant training programs.

Major Contractors and Grantees:

World Learning/TRANSIT, USDOL, IREX

Supplemental Information Annexes

Environmental Impact

Information Annex Topic: Environmental Impact

The Bureau Environmental Officer (BEO) for the Bureau for Europe and Eurasia (E&E) continues to be responsible for overall compliance with environmental impact evaluations in all ENI Missions including Romania. In FY99, the Romania Mission retained an Environmental Advisor and is currently refining the process for conducting environmental screening and evaluation in the Mission as required by the applicable regulations at 22 CFR Part 216. Each technical office in the Mission is required as part of its procurement responsibilities to include an initial environmental evaluation (IEE) along with its procurement package for any new activity which is sent forth for Agency Management approval. Incremental funding of existing programs that have already been screened for possible environmental impact need not include an IEE.

The Strategic Development/Operations Office (SDO) is responsible to determine if the IEE requirement has been met and what the preliminary findings and recommendations of the technical office are with respect to the potential for an environmental impact. The Mission Senior Environmental Officer is available to consult directly with the technical program offices or the SDO Office on meeting the environmental impact requirements. Such consultation includes assisting in identifying possible areas for environmental concern, options to mitigate or eliminate such concern, and the potential applicability of any categorical exclusion from the environmental requirements. The Advisor also assists the technical offices in the preparation of IEE statements and/or scopes and designs of any environmental assessment that may be needed before proceeding with the final project design and procurement.

The Mission did not maintain records of IEE's and Environmental Assessments (EA's) conducted prior to FY1998. Since then, with just a very few exceptions, the Mission's initial environmental assessments have all concluded that a categorical exclusion is appropriate because they involve only technical assistance and training activities. One exception was the Refugee Support Procurement Program funded at the end of the year which included an environmental review process that was required to be undertaken by the NGO administering the grant program.

The Mission intends in FY 2000, to refine its environmental evaluation procedures to assure early technical input into programs by the Mission Environmental Advisor to minimize any potential for impact or the need to adjust program designs to comply with the 40 CFR 216 requirements.

Updated Framework Annex

Information Annex Topic: Updated Results Framework

Country/Organization Name: USAID/ Romania

NOTE: During FY 2001 there will be a major review of the Mission's Results Framework as part of the Mission's new strategy development process. This may result in changes in the Framework below.

a. Objective Name: Development and growth of private enterprises

Proposed newly reported indicator at SO level? No ☒ Yes ☐

IR1.3.1: Improve policy/ legal/ regulatory framework supporting private enterprises development (including Micro, Small and Medium Enterprises)

Proposed newly reported indicator for FY2003? No ☒ Yes ☐

IR1.3.2: Increased capital investment in private enterprises

No ☒ Yes ☐

IR1.3.3: Improve ability of entrepreneurs to manage their business

No ☒ Yes ☐

IR1.3.3.1: Strengthening business support service organizations

No ☒ Yes ☐

b. Objective Name: A more competitive and market-responsive private financial sector

Proposed newly reported indicator at SO level? No ☒ Yes ☐

IR1.4.1: Financial market-place infrastructure development

Proposed newly reported indicator for FY2003? No ☒ Yes ☐

IR1.4.1.1: Decreased state involvement in financial market functions

No ☒ Yes ☐

IR1.4.1.2: More diversified financial instruments and intermediaries available

No ☒ Yes ☐

IR1.4.1.3: Improved skills of financial intermediary staff

No ☒ Yes ☐

IR1.4.2.: Improved policy, legal and regulatory framework

No ☒ Yes ☐

IR1.4.2.1: Increased availability of transparent and quality information
No ☒ Yes ☐

c. Objective Name: A more economically sustainable and environmentally sound energy sector

Proposed newly reported indicator at SO level? No ☒ Yes ☐

IR1.5.1: Oil and gas market liberalized

Proposed newly reported indicator for FY2003? No ☒ Yes ☐

IR1.5.2: Competitive electric power system established

No ☒ Yes ☐

IR1.5.2.1: Private investment and share of electricity generated increased

No ☒ Yes ☐

IR1.5.2.2: Purchasing, licensing and access regulated by an independent authority

No ☒ Yes ☐

IR1.5.2.3: Regulations drafted and adopted

No ☒ Yes ☐

IR1.5.3: Improved energy efficiency

No ☒ Yes ☐

IR1.5.3.1: Energy efficiency projects identified and implemented

No ☒ Yes ☐

IR1.5.3.: Improved energy efficiency

No ☒ Yes ☐

d. Objective Name: Increased environmental management capacity to promote sustainable economic growth

Proposed newly reported indicator at SO level? No ☒ Yes ☐

IR1.6.1: Improved environmental resource management

Proposed newly reported indicator for FY2003? No ☒ Yes ☐

- IR1.6.1.1: Management operations strengthened
No ☒ Yes ☐
- IR1.6.1.2: Demonstration models established and replicated
No ☒ Yes ☐
- IR1.6.1.3: Economic instruments developed and implemented
No ☒ Yes ☐
- IR1.6.2: Environmental legal authority enhanced
No ☒ Yes ☐
- IR1.6.2.1: Environmental legislation and policies developed
No ☒ Yes ☐
- IR1.6.2.2: New key institutions established
No ☒ Yes ☐
- IR1.6.3: Environmental sector financial sustainability increased
No ☒ Yes ☐
- IR1.6.3.1: Cost-sharing and cost-recovery systems designed and implemented
No ☒ Yes ☐
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e. Objective Name: Increased better-informed citizens participation in political and economic decision-making

- Proposed newly reported indicator at SO level? No ☒ Yes ☐
- IR2.1.1: Increased effectiveness and accountability of the Romanian leadership
Proposed newly reported indicator for FY2003? No ☒ Yes ☐
- IR2.1.1.1: Increased contacts with civil society/ increased constituency outreach
No ☒ Yes ☐
- IR2.1.1.2: Ability to draft, review and enact laws enhanced
No ☒ Yes ☐
- IR2.1.1.3: Increased transparency of Parliament
No ☒ Yes ☐
- IR2.1.1.4: Improved organizational capabilities of the executive branch
No ☒ Yes ☐
- IR2.1.2: Visible decrease in corrupt practices in the public sector
No ☒ Yes ☐
- IR2.1.3: Strengthened democratic culture through stronger political party structures
No ☒ Yes ☐

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- f. Objective Name: More effective and accountable local government
Proposed newly reported indicator at SO level? No ☒ Yes ☐
- IR2.3.1: Advanced capacity of local governments to manage resources
Proposed newly reported indicator for FY2003? No ☒ Yes ☐
- IR2.3.1.1: Improved capacity of local governments to budget
No ☒ Yes ☐
- IR2.3.1.2: Improved relations between local government and citizens
No ☒ Yes ☐
- IR2.3.1.2.1: Mechanisms to exchange ideas between citizens and government established
No ☒ Yes ☐
- IR2.3.1.3: Increased exchange of information among local governments
No ☒ Yes ☐
- IR2.3.2: Increased local government control over functions and revenues
No ☒ Yes ☐
- IR2.3.2.1: Enabling regulations and policy framework decentralization established
No ☒ Yes ☐
- IR2.3.2.2: Financial practices improved
No ☒ Yes ☐
- IR2.3.3: Increased revenues available for local government
No ☒ Yes ☐
- IR2.3.3.1: Municipal financial resources for capital needs increased
No ☒ Yes ☐
- IR2.3.3.2: Locally-derived revenues increased
No ☒ Yes ☐
- IR2.3.3.3: Access to long-term credit increased
No ☒ Yes ☐
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- g. Objective Name: Improve the welfare of children and women in Romania
Proposed newly reported indicator at SO level? No ☒ Yes ☐
- IR3.2.1: Decrease dependency on use of institutions for children

Proposed newly reported indicator for FY2003? No ☒ Yes ☐

IR3.2.1.1: Improved child welfare policies and administrative procedures implemented

No ☒ Yes ☐

IR3.2.1.2: Improved quality of community child welfare services

No ☒ Yes ☐

IR3.2.1.3: Increased utilization of community child welfare services

No ☒ Yes ☐

IR3.2.1.4: Increased parental and community involvement with children

No ☒ Yes ☐

IR3.2.2: Improving women's welfare

No ☐ Yes ☒

IR3.2.2.1: Improved quality of women's health services

No ☒ Yes ☐

IR3.2.2.2: Improved access to women's health services

No ☒ Yes ☐

IR3.2.2.3: Increased demand for women's health services

No ☒ Yes ☐

IR3.2.2.4: Effective health reform (in cooperation and collaboration with other donors)

No ☒ Yes ☐

Objective ID	Objective Name	IR Number	IR Title
186-032-01	Improve the welfare of children and women in Romania	3.2.2	Improving women's welfare
Current Indicator Name:		none	
Newly Reported Indicator :		Rate of abortion per 1,000 women aged 15-44	
		Target Data	
1996 (Baseline)		90.2	
2001		45.0	
2002		42.0	

h. Objective Name: Cross cutting programs

Proposed newly reported indicator at SO level? No ☒ Yes ☐

IR4.2.1: Human capacity development

Proposed newly reported indicator for FY2003? No ☒ Yes ☐

IR4.2.2: Strategic local development

No ☒ Yes ☐